
Government Securities Act Program

Examination Objectives

To determine that the thrift institution has procedures in place to comply with the GSA.

To determine that the thrift institution is in compliance with the custodial holding requirements, hold-in-custody repurchase agreement requirements, and reporting requirements of the regulation.

Examination Procedures

Level I

Wkp. Ref.

1. Ascertain whether the thrift holds government securities as a fiduciary, custodian, or otherwise for the account of a customer. If so, ascertain whether the institution has procedures in place to maintain segregated assets and records and to conduct an annual count of securities.

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2. Review the previous report of examination and all GSA-related exceptions noted and determine if management has taken appropriate corrective action.

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3. Ascertain whether the thrift engages in repurchase transactions with customers while retaining custody or control of the government securities. If so, ascertain whether the institution has procedures in place for transaction confirmations.

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4. Ascertain whether the thrift is currently or has been a government securities broker or dealer. If so, ascertain whether associated GSA reporting requirements have been met.

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5. Review and ascertain whether the institution's internal audit program provides adequate coverage to monitor the extent of applicability of the GSA.

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6. Review Level II procedures and perform those necessary to test, support, and present

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conclusions derived from performance of Level I procedures.

Level II

7. Review a sample of customer confirmations.

8. Verify that customer securities are, in fact, segregated from those of the thrift.

9. Verify that the recordkeeping system contains sufficient information.

10. Review the annual count of securities.

11. If a custodian institution is used, review a sample of transactions to determine whether the custodian has received appropriate notification.

12. Review a sample of repurchase transactions with customers to validate disclosures and confirmations.

13. Ensure that the Objectives of this Handbook Section have been met. State your findings and conclusions, as well as appropriate recommendations for any necessary corrective measures, on the appropriate work papers and report pages.

Examiner's Summary, Recommendations, and Comments

Exam Date:

Prepared By:

Reviewed By:

Docket #:
